

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Wednesday, October 9, 2002, 8:00 a.m.
Utah Association of Counties Training Room

A G E N D A

8:00 Breakfast

Call to Order	Gary Herbert
Review of Board Members Absent	Gary Herbert
Approval of September Minutes	Gary Herbert
2000, 2001 Reconciliation	Brent Gardner
Redefine Relationship Between UAC and UACIM Process, Structure, Timing	Gary Herbert
Restructuring of the UACIM Board/Bylaws	Shawn Guzman
Broker Report	John Chino
Director's Report	Shawn Guzman
Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
Action on Litigation Matters	Kent Sundberg
Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	
Other Business	

12:00 Adjourn – Lunch on Your Own

UACIM BOARD OF TRUSTEES MEETING

MINUTES

October 9, 2002, 8:00 a.m.

Utah Association of Counties Training Room

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Dan McConkie, *Vice President*, Davis County Commissioner
Lynn Lemon, *Secretary-Treasurer*, Cache County Executive
Steve Baker, Davis County Personnel Director
Kay Blackwell, Piute County Commissioner
LaVar Cox, Millard County Commissioner
Royal Norman, Box Elder County Commissioner
Ed Phillips, Millard County Sheriff
Tex Olsen, Sevier County Commissioner
Gene Roundy, Iron County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Steve Wall, Sevier County Clerk-Auditor

MEMBERS PRESENT

Michael Cragun, Davis County Commissioner
Kimberly Schappert, Grand County Council Member
Dave Wilson, Weber County Deputy Attorney

OTHERS PRESENT

Brent Gardner, UAC Executive Director
Shawn Guzman, UACIM Director
Sonya White, UACIM Administration
John Chino, Arthur J. Gallagher
Ken Mackay, Robison Hill & Company
Greg Poulson, Robison Hill & Company
Dale Westenskow, Robison Hill & Company

CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

All Board Members were present at this meeting.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held September 19, 2002 were previously sent to the Board Members for review. The Board made the following corrections:

1. MEMBERS PRESENT, page one, Michael Cragun, ~~Washington~~ Davis County Commissioner.
2. APPROVAL of MINUTES, page two, numbered items one and five, correct 'council' to 'counsel' and item four 'where' to 'were'.
3. AUDIT REPORT UPDATE, page three, item two under Robison Hill and Company, correct 'Aalyze' to 'Analyze'. Page seven, third paragraph under Larson and Company, correct 'annual' to 'annually'. Page ten, paragraph three, Lynn Lemon *figured that if Brent Gardner did not take a salary for any of his time spent on the Mutual for those years prior to Brett Rich being hired, it would calculate to a majority of ~~that~~ those monies accruing from 1992 to 1995.*

Royal Norman made a motion to approve the September 19, 2002 Board of Trustees Meeting minutes as amended. Kay Blackwell seconded the motion, which passed unanimously.

2000, 2001 RECONCILIATION

Pursuant to the motion made at the September 19 meeting, Brent Gardner presented the Board with a UAC/UACIM Year End Reconciliation-2000 sheet and a UAC/UACIM Year End Reconciliation-2001 sheet (see attachment #1). Robison Hill and Company prepared the reconciliations and Dale Westenskow explained that these schedules have a few changes from those presented in their 'Agreed-Upon Procedures Report' in September. Year-end accrual amounts are now being presented on a cash basis to reconcile the two years with the amounts that were budgeted. Dale has listed the actual amounts at the bottom of each sheet. For year 2000, there was a net excess of \$7,762 minus \$7,500 (the agreed upon plus or minus) for an amount of \$262 due UACIM from UAC. For year 2001, there was a net deficit of \$18,652 minus \$7,500 for an amount of \$11,152 due UAC from UACIM. Tex Olsen asked Dale Westenskow how UAC should carry reserves to show as a Mutual asset? Dale said that UAC would show the fund as a liability on their books. Currently reserves are being treated as a benefit for UACIM. Gary Herbert thanked and excused the representatives of Robison Hill and Company from this meeting.

REDEFINE RELATIONSHIP BETWEEN UAC and UACIM

Gary Herbert stated that the Board has come to a consensus that there has been an evolution of the Mutual. Neither continuing to run the Mutual the same as in years past or a complete disassociation seems acceptable. As a Board it has been decided and determined that from 1992 to 1999 the agreement between UAC and UACIM was a fee for service contract, although Gary did feel that the UAC Board would consider giving UACIM a refund. With the agreement change in 2000, either party would be responsible to pay any excess over \$7,500. Gary opened the discussion as to what the relationship between UAC and UACIM should be so that each Board Member had a chance to speak.

Dan McConkie would like to see a new written agreement that more clearly defines the Board's areas of concern relating to the relationship between UAC and UACIM, such as employees, services and financial accountability.

Tex Olsen explained that the system that has been in place made it difficult for the Mutual to track its assets, reserves and investment in the building. A budget that was adopted by the Board, and apparently considered as an extension of the contract between UAC and UACIM, is a matter that will be difficult to explain to the Mutual members. The reconciliation presented show that the Board was not correctly budgeting for reasonable services provided by UAC. Lynn Lemon said that if Brent Gardner had taken a salary in 1992 through 1995, the expenses would have been a wash. It could be explained to the members that the Board may not have accounted the way it should have but when the balance was reviewed it seemed reasonable. Gary Herbert added that although the Mutual may not have any legal rights, if UAC has not spent the excess funds, UAC might still be willing to give a refund to the Mutual. The Board made a 9-2 decision that the accounting procedures in the past were not correct but the Mutual needs to move forward. Kent Sundberg stated that since he was absent for the September 19 vote, he would have voted no against a fee for service contract for the years 1992 through 1999.

Gene Roundy said that he feels there are areas that the Mutual Board needs to tighten up and monitor more closely.

LaVar Cox agreed with Dan McConkie and would like to see the Board revise the agreement, not a total separation. He has been researching the insurance industry and a certain volume is needed to stand-alone. The Mutual could fail without the volume to handle expenses. He also feels that the Mutual should handle their own expenses/books.

Ed Phillips stated that he fails to see any downside of the Mutual separating from UAC. The Mutual is a separate entity and should be operating as a separate entity. Separation would be the cleanest way to end these issues. He believes the Mutual can clearly stand and operate on its own. There should be a continued close relationship with UAC but the Board should take this opportunity to separate. When asked if Ed thought a separation would be more costly or save money, Ed replied that it wouldn't make a difference. The Board should stand up and be responsible to this business that does not serve all UAC members.

Kent Sundberg agreed with Ed, that this Board has some major accounting problems now and should move to manage its own affairs and have its own employees but continue to associate with UAC because of the partnership in the building and the benefit of each others expertise. Kent does not feel it will cost more money for the Board to manage its own financial affairs. Steve Wall added that it was his understanding that the general budget, approved at the last Board meeting was doing just that separating the Mutual

financially and separating the employees. Dan McConkie explained that the downside of total separation would be that the employees become severed from benefits. Dave Wilson said that UACIM employees would qualify as employees of a political subdivision. Lynn Lemon said that he did not understand Brent Gardner to be the administrator of the Mutual and feels that needs to be clarified. Lynn is concerned about employees that report to the Mutual Board but are still UAC employees. There needs to be a clear distinction.

Royal Norman stated that the Mutual has been operating well the way it is now structured. The only reason Box Elder County is a member of the Mutual is because of UAC and its loyalty to UAC. Loyalty from counties will be lost if the two entities separate. Ed Phillips said he somewhat agrees with Royal's opinion but the Mutual was not put together because of loyalty. Counties are receiving better service, better risk management, etc. There is no comparison to what the counties had before the Mutual. Gary Herbert added that county officials come and go causing the Mutual to continually sell itself—UAC doesn't have to sell itself.

Kay Blackwell feels that there needs to be some changes but not a total separation. He feels that it will cost the Mutual more and agrees that county loyalty will be an issue. He is leaning more towards modifying the agreement.

Steve Baker believes that counties will come and go from the Mutual with or without UAC loyalty. If the Bylaws read that UAC is the administrator of the Mutual then the administrator should be accountable to this Board. Steve feels that all costs associated with the Mutual need to be identified and paid. Tex Olsen asked if it was possible to change the direct management of the Mutual by changing the Administrator and offer UAC a position on the Board? Gary Herbert said that the Bylaws refer to the administrator of the Mutual as being UAC and questioned what the process would be to modify the Bylaws. This Board needs to clarify the relationship so that some type of resolution is presented in November. Lynn Lemon thought the financial issues were taken care of with the approval of the 2003 General Budget except for the building and employees. Gary wondered what the UAC Board would have to say. Kent Sundberg questioned if Gary was implying that the Mutual Board must ask the UAC Board for approval [to separate]? Gary said 'no' and Dan McConkie added that under the current Bylaws the Mutual can make changes but out of respect to the UAC Board, the Mutual Board should have their approval. Lynn said that by the Mutual handling its own finances, except personnel and building, it will give the Board the opportunity to see how these changes will work. Gene Roundy explained that there are additional factors such as salary schedules, duplicating services and benefits. Tex said the current system is flawed so in order to change the system, in his opinion, the Board needs to work hard to keep a close relationship with UAC but must recognize that the Mutual is a separate company that must manage its own finances and personnel. Instead of UAC administering the Mutual it should have a position on the Board of Trustees to receive the benefit of its expertise and suggestions. Royal Norman said that by making a position for UAC on the Mutual Board does not accomplish anything. What direct responsibilities does UAC have on the Mutual Board? Shawn Guzman needs to be appointed as the Director of the Mutual but remain under UAC's employment. Shawn clarified that the Assistant Administrator title was changed in 1995 and that he was hired as the Director of the Mutual. Kent Sundberg suggested changing the Administrator of the Mutual to the Mutual Board of Trustees. Tex stated that the Board should determine whether the employees working for the Mutual should be Mutual employees and if Brent Gardner should be on the Board. LaVar Cox and Gary both stated that that would mean total separation and Dan added that the employees would not qualify for benefits under their current program. Gene asked to hear from Shawn and Brent Gardner. Shawn explained that he and Brent have discussed this several times and he has always thought that there should be a close relationship between the two entities. Whatever the Board decides, he will make it work. Brent said that this is a policy decision of the Board and whatever the Board decides, he will also make it work.

SET DATE and TIME for CLOSED MEETING

Ed Phillips made a motion to set the date and time for a closed meeting, to discuss the character, professional competence, physical/mental health of an individual, to begin at 10:10 a.m. on October 9, 2002. Kent Sundberg seconded the motion, which passed 11-1, Steve Baker opposing.

Ed Phillips made a motion to conclude the closed meeting at 11:30 a.m. on October 9, 2002. Steve Wall seconded the motion, which passed unanimously.

REDEFINE RELATIONSHIP BETWEEN UAC and UACIM, cont.

Gary Herbert requested that the Board come to a consensus regarding the relationship between UAC and UACIM and asked for a motion. Dan McConkie made a motion to call a special meeting to have written proposals reviewed and approved as to the relationship between UAC and UACIM. Royal Norman seconded the motion. Shawn Guzman explained that under section 4.4 of the Bylaws 15 day's notice of a special membership meeting is required. Lynn Lemon would like the Board to make a decision today. The motion failed 2-10.

Lynn Lemon made a motion to change the Bylaws to read that the UAC Insurance Mutual Board of Trustees is the Administrator of the Mutual. The Director of the Mutual, Shawn Guzman, reports to the Board of Trustees but would remain a UAC employee. The Board of Trustees would do the hiring and firing of the Director. Kay Blackwell seconded the motion. Tex Olsen stated that he does not believe the motion clarifies the parties and solves the problems. Steve Baker requested to make a substitute motion, Gary Herbert recognized Steve's request. Steve Baker made a motion to amend the Bylaws that the Board of Trustees of the Mutual is the Administrator; one position of the Board of Trustees shall be the Executive Director of the Utah Association of Counties; that the three employees, Director, Loss Control Manager and Administrative Assistant are employees of the Mutual (efforts will be made to cover employees under the state retirement system); contract payroll services through the Utah Association of Counties and contract for other services as appropriate. Ed Phillips seconded the motion, which passed 7-5, Kay Blackwell, Gary Herbert, Lynn Lemon, Royal Norman and Gene Roundy opposed. The Board directed Shawn Guzman to draft Bylaws amendments for the Board to review before sending them to the membership 30 days prior to the November 13 meeting. The Board directed Sonya White to include the language of the motion with the draft amendments to the Board.

RESTRUCTURING of the UACIM BOARD/BYLAWS

Four Board restructuring scenarios had been previously sent to the Board Members for review (see attachment #2). Kent Sundberg made a motion to adopt *Scenario 4*. LaVar Cox seconded the motion. Tex Olsen was concerned about limiting the second-class counties to Davis, Utah, and Weber Counties in the event another county would soon be classified as a second-class county. Dan McConkie explained that the Nominating Committee, prior to each election, would consider balance on the Board. The motion passed 10-2, Tex Olsen and Steve Wall opposed. The Board directed Shawn Guzman to draft Bylaws amendments for the structure of the Board to be sent to the membership 30 days prior to the November 13 meeting. Two separate ballots for the 2003 Board of Trustees election will need to be prepared for the Membership Meeting based on whether or not the amendments to the Bylaws are approved.

SET DATE and TIME for CLOSED MEETING

Kent Sundberg made a motion to strike this agenda item since there are no pending or reasonably imminent litigation matters to discuss. Gene Roundy seconded the motion, which passed unanimously.

ACTION on LITIGATION MATTERS

Kent Sundberg made a motion to strike this agenda item since no action needs to be taken on litigation matters. Gene Roundy seconded the motion, which passed unanimously.

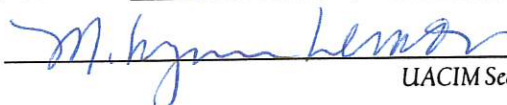
BROKER REPORT

John Chino reported that carriers for the 2003 policy program have provided four coverage and premium options. John will be reviewing these options with the Board at the next meeting.

DIRECTOR'S REPORT

Shawn Guzman explained that his report could wait until the next meeting.

Approved on this 19th day of December, 2002


UACIM Secretary-Treasurer

STATE OF UTAH)
 :ss
COUNTY OF SALT LAKE)

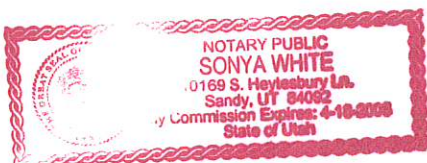
1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 9 day of October, 2002, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Utah Code Annotated, 1953, as amended.
3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

DATED this 9 day of October, 2002.

James R. Hubert

GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

On the 9 day of October 2002, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



Sony White

NOTARY PUBLIC

Residing at: Congli, UT

My Commission Expires: 4-18-06

State of Utah
Department of Transportation
Salt Lake City, Utah 84143
Sandy, UT 84088
JAN 28 1992
SONYA WHITE
PUBLIC

RESTRUCTURING of the UACIM BOARD

SCENARIO 3

CLASS	COUNTY	POPULATION		ELECTED	APPOINTED
SECOND 125,000-700,000	Utah	368,536	1 Vote	Gary (AL)	Kent (LMC)
	Davis	238,994	1 Vote	Dan (123)	Steve (PC)
	Weber	196,533	1 Vote		
THIRD 18,000-125,000	Cache	91,391	} 1 Vote	Lynn (123)	
	Washington	90,354			
	Box Elder	42,745		Royal (AL)	
	Iron	33,779		Gene (123)	
	Uintah	25,224			
	Carbon	20,422			
FOURTH 10,000-18,000	Sanpete	22,763	} 1 Vote	Tex (AL)	Steve (456)
	Sevier	18,842			
	Wasatch	15,215			
	San Juan	14,413			
	Duchesne	14,371			
	Millard	12,405		LaVar (456)	Ed (LC)
	Emery	10,860			
FIFTH 3,500-10,000	Grand	8,485	} 1 Vote		
	Juab	8,238			
	Kane	6,046			
	Beaver	6,005			
	Garfield	4,735			
SIXTH 1-3,500	Wayne	2,509	} 1 Vote		
	Rich	1,961			
	Piute	1,435			
	Daggett	921			
AT-LARGE			2 Votes		
COMMITTEES	Law Enforcement		1 Vote		
	Litigation Management		1 Vote		
	Personnel		1 Vote		

SCENARIO 4

CLASS	COUNTY	POPULATION		ELECTED	APPOINTED
SECOND 125,000-700,000	Utah	368,536	1 Vote	Gary (AL)	Kent (LMC)
	Davis	238,994	1 Vote	Dan (123)	Steve (PC)
	Weber	196,533	1 Vote		
THIRD 18,000-125,000	Cache	91,391	} 2 Votes	Lynn (123)	
	Washington	90,354			
	Box Elder	42,745		Royal (AL)	
	Iron	33,779		Gene (123)	
	Uintah	25,224			
	Carbon	20,422			
FOURTH 10,000-18,000	Sanpete	22,763	} 1 Vote	Tex (AL)	Steve (456)
	Sevier	18,842			
	Wasatch	15,215			
	San Juan	14,413			
	Duchesne	14,371			
	Millard	12,405		LaVar (456)	Ed (LC)
	Emery	10,860			
FIFTH 3,500-10,000	Grand	8,485	} 1 Vote		
	Juab	8,238			
	Kane	6,046			
	Beaver	6,005			
	Garfield	4,735			
SIXTH 1-3,500	Wayne	2,509	} 1 Vote		
	Rich	1,961			
	Piute	1,435		Kay (456)	
	Daggett	921			
AT-LARGE			2 Votes		
COMMITTEES	Law Enforcement		1 Vote		
	Litigation Management		1 Vote		
	Personnel		1 Vote		

RESTRUCTURING of the UACIM BOARD

SCENARIO 1

CLASS	COUNTY	POPULATION		ELECTED	APPOINTED
SECOND 125,000-700,000	Utah	368,536	1 Vote	Gary (AL)	Kent (LMC)
	Davis	238,994	1 Vote	Dan (123)	Steve (PC)
	Weber	196,533	1 Vote		
THIRD 18,000-125,000	Cache	91,391	3 Votes	Lynn (123)	
	Washington	90,354			
	Box Elder	42,745		Royal (AL)	
	Iron	33,779		Gene (123)	
	Uintah	25,224			
FOURTH 10,000-18,000	Carbon	20,422	3 Votes		
	Sanpete	22,763			
	Sevier	18,842		Tex (AL)	Steve (456)
	Wasatch	15,215			
	San Juan	14,413			
FIFTH 3,500-10,000	Duchesne	14,371	3 Votes		
	Millard	12,405		LaVar (456)	Ed (LC)
	Emery	10,860			
	Grand	8,485			
	Juab	8,238			
SIXTH 1-3,500	Kane	6,046	3 Votes		
	Beaver	6,005			
	Garfield	4,735			
	Wayne	2,509			
	Rich	1,961			
	Piute	1,435		Kay (456)	
	Daggett	921			
AT-LARGE			3 Votes		
COMMITTEES	Law Enforcement		1 Vote		
	Litigation Management		1 Vote		
	Personnel		1 Vote		

SCENARIO 2

CLASS	COUNTY	POPULATION		ELECTED	APPOINTED
125,000-700,000	Utah	368,536	3 Votes	Gary (AL)	Kent (LMC)
	Davis	238,994		Dan (123)	Steve (PC)
	Weber	196,533			
THIRD 18,000-125,000	Cache	91,391	3 Votes	Lynn (123)	
	Washington	90,354			
	Box Elder	42,745		Royal (AL)	
	Iron	33,779		Gene (123)	
	Uintah	25,224			
FOURTH 10,000-18,000	Carbon	20,422	2 Votes		
	Sanpete	22,763			
	Sevier	18,842		Tex (AL)	Steve (456)
	Wasatch	15,215			
	San Juan	14,413			
FIFTH 3,500-10,000	Duchesne	14,371	2 Votes		
	Millard	12,405		LaVar (456)	Ed (LC)
	Emery	10,860			
	Grand	8,485			
	Juab	8,238			
SIXTH 1-3,500	Kane	6,046	2 Votes		
	Beaver	6,005			
	Garfield	4,735			
	Wayne	2,509			
	Rich	1,961			
	Piute	1,435		Kay (456)	
	Daggett	921			
AT-LARGE			1 Votes		
COMMITTEES	Law Enforcement		1 Vote		
	Litigation Management		1 Vote		
	Personnel		1 Vote		

UAC/UACIM Year End Reconciliation - 2000

<u>Account</u>	<u>2000 Budget</u>	<u>2000 Actual</u>	<u>Over/Under</u>
Administrative Fee	\$ 447,686	\$ 447,686	\$ 0
Total Revenue	<u>447,686</u>	<u>447,686</u>	<u>0</u>
Accounting/Audit	550	2,105	(1,555)
Administrative Fee	5,000	5,000	0
Auto Expense	6,000	5,018	982
Auto Reserve	14,000	14,000	0
Board Expense	8,000	8,900	(900)
Copying	1,200	1,538	(338)
Data Processing	3,500	4,230	(730)
Dues & Subscriptions	1,250	1,621	(371)
FICA	11,000	11,349	(349)
Loss Control Training	10,700	12,102	(1,402)
Medical Insurance	26,900	23,676	3,224
Newsletter	1,000	0	1,000
Office Equipment	5,000	13,838	(8,838)
Building	120,000		120,000
Debt Service		92,833	(92,833)
Building O & M		17,306	(17,306)
Debt Service Reserve		17,260	(17,260)
Building Repair Reserve		5,634	(5,634)
Office Supplies	4,000	2,116	1,884
Other Insurance	5,000	1,372	3,628
Postage	4,000	2,716	1,284
Printing	1,000	307	693
Retirement	35,324	32,180	3,144
Staff Expense	13,500	14,218	(718)
Technical Assistance	400	0	400
Telephone	5,500	4,092	1,408
Staff Salaries	<u>164,862</u>	<u>146,512</u>	<u>18,350</u>
Total Expenses	<u>447,686</u>	<u>439,924</u>	<u>7,762</u>
Net Excess(Deficit)	<u>\$ 0</u>	<u>\$ 7,762</u>	<u>\$ 7,762</u>
\$7,500 Allowance			<u>(7,500)</u>

Amount Due to UACIM from UAC

\$133,033

Expenses that were paid for by UAC that benefitted UACIM that were not presented by the UACIM board for payment and for this purpose has not and will not be reimbursed are as follows: Salaries \$16,603, Payroll Taxes \$956, Medical Insurance \$1,679, Conventions \$2,622. Only the Administrative Fee of \$5,000 has been assessed to cover these expenses.

UAC/UACIM Year End Reconciliation - 2001

<u>Account</u>	<u>2001 Budget</u>	<u>2001 Actual</u>	<u>Over/Under</u>
Administrative Fee	\$ 446,815	\$ 446,815	\$ 0
Total Revenue	<u>446,815</u>	<u>446,815</u>	<u>0</u>
Accounting/Audit	550	1,386	(836)
Administrative Fee	5,000	5,000	0
Auto Expense	7,500	7,344	156
Auto Reserve	14,000	14,000	0
Board Expense	7,000	11,542	(4,542)
Copying	1,200	1,205	(5)
Data Processing	3,500	4,928	(1,428)
Dues & Subscriptions	1,250	2,142	(892)
FICA	11,400	12,627	(1,227)
Loss Control Training	14,000	13,098	902
Medical Insurance	29,400	33,409	(4,009)
Newsletter	1,000	0	1,000
Office Equipment	5,000	5,844	(844)
Debt Service	85,128	88,997	(3,869)
Building O & M	9,393	18,213	(8,820)
Debt Service Reserve	17,260	17,260	0
Building Repair Reserve	5,634	5,634	0
Office Supplies	4,000	2,763	1,237
Other Insurance	5,000	1,329	3,671
Postage	4,000	2,708	1,292
Printing	1,000	1,304	(304)
Retirement	34,150	29,307	4,843
Staff Expense	15,000	18,727	(3,727)
Technical Assistance	400	900	(500)
Telephone	5,500	5,467	33
Staff Salaries	<u>159,550</u>	<u>160,334</u>	<u>(784)</u>
Total Expenses	<u>446,815</u>	<u>465,467</u>	<u>(18,652)</u>
Net Excess(Deficit)	<u>\$ 0</u>	<u>\$ (18,652)</u>	<u>\$ (18,652)</u>
\$7,500 Allowance			<u>7,500</u>
Amount Due to UAC from UACIM			<u>\$ (11,152)</u>

Expenses that were paid for by UAC that benefitted UACIM that were not presented for approval by the UACIM board for payment and for this purpose has not and will not be required to be reimbursed are as follows: Salaries \$21,098, Payroll Taxes \$1,211, Medical Insurance \$1,394, Retirement \$1,906, Conventions \$2,434. Only the Administrative Fee of \$5,000 has been assessed to cover these expenses.

Excess salary paid resulting from the promotion of Shawn Guzman as Assistant Director on May 25, 2000 until Bret Rich left employment on June 15, 2000.

Salary allocated for Loss Control Manager that was not paid from June 15, 2000 until Mark Brady began work on October 16, 2000.

Total

Salary	Payroll Taxes	Retirement	Health Insurance	Total
\$ (374.56)	\$ (28.65)	\$ (39.44)	\$ 0.00	\$ (442.65)
\$ 21,183.31	\$ 1,620.52	\$ 2,230.60	\$ 3,062.00	\$ 28,096.43
<u>\$ 20,808.75</u>	<u>\$ 1,591.87</u>	<u>\$ 2,191.16</u>	<u>\$ 3,062.00</u>	<u>\$ 27,653.78</u>

DRAFT

AMENDED BYLAWS FOR THE UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL

These Amended Bylaws are adopted and entered into by and among Members of the Utah Association of Counties Insurance Mutual, each of which hereby agrees to abide by the terms and conditions of these Amended Bylaws and all actions taken pursuant hereto.

ARTICLE 1. Authority.

- 1.1 These Bylaws are amended pursuant to the provisions of Section 4 of the Amended Interlocal Cooperation Agreement.

ARTICLE 2. Definitions.

As used in this Agreement, the following terms shall have the meaning hereinafter set out:

- 2.1 Administrator. Utah Association of Counties
- 2.2 Agreement. The Amended Interlocal Cooperation Agreement for Utah Association of Counties Insurance Mutual.
- 2.3 Articles. The Articles of Incorporation of the Mutual.
- 2.4 Board of Trustees or Board. The Board of Trustees of the Mutual.
- 2.5 Bylaws. The Amended Bylaws for Utah Association of Counties Insurance Mutual.
- 2.6 Code. The Utah [~~Insurance~~] Code, including Utah Code Ann. Title 31A, as amended from time to time.
- County or Counties. One or more of the twenty-nine counties of the State of Utah.
- Director. The person designated by the Board of Trustees as Director of the Mutual.
- 2.7 Member. A [~~Utah~~] county [~~which~~] that is a party to ^{the} [~~the~~] this Amended Interlocal Cooperation Agreement.
- Meeting. A meeting of the Board of Trustees where a quorum is present and for which proper notice has been provided in accordance with Utah law.
- 2.8 Mutual. Utah Association of Counties Insurance Mutual.

Officer. The President, Vice-President, or Secretary-Treasurer elected in accordance with these Amended Bylaws.

- 2.9 Representative. The person designated pursuant to Article 4.5b to be a Member's official representative for the purposes of the Mutual.
- 2.10 Trustee. A natural person elected or appointed in accordance with Article 5 of these Amended Bylaws to a Trustee position ~~[serving]~~ on the Board.

ARTICLE 3. Mutual.

- 3.1 The Mutual is a public agency insurance mutual and a political subdivision of the State of Utah as provided by law.
- 3.2 The Mutual is formed, financed, organized, and shall operate in accordance with the ~~[Amended Interlocal Cooperation]~~ Agreement, the provisions of these Bylaws and the Articles of Incorporation of the Mutual.
- 3.3 The Mutual may sue and be sued, complain and defend, in its corporate name.
- 3.4 The Mutual is not an assessable mutual.
- 3.5 These ~~[Amended]~~ Bylaws may be amended and shall continue in effect for a period of fifty years from the adoption date of the original Bylaws, at which time, they shall terminate unless renewed as permitted by law, or until earlier dissolved as provided herein.
- 3.6 The Mutual shall have all powers necessary or desirable to achieve the purposes of the Mutual as set forth in the ~~[Amended Interlocal Cooperation]~~ Agreement, the Articles of Incorporation and these ~~[Amended]~~ Bylaws.

ARTICLE 4. Members.

- 4.1 Membership in the Mutual is limited to those counties ~~[which]~~ that are Members of the Utah Association of Counties and which properly enter into the ~~[Amended Interlocal Cooperation]~~ Agreement.
- 4.2 Counties, including former Members, may be admitted to the Mutual after its formation only upon approval of the Board and subject to the conditions set out in the Agreement, these Bylaws and such additional conditions as the Board may from time to time require.
- 4.3 The Members shall have the power to:

- a. Elect Trustees pursuant to Article 5.
 - b. Remove any Trustee from the Board by a two-thirds vote of the Members present at a meeting.
 - c. Voluntarily dissolve the Mutual, but only at a meeting at which a majority of all Members, whether present at the meeting or not, vote in favor of the dissolution;
 - d. Amend the Bylaws by a two-thirds vote of the Members present at a meeting. Written notice of any proposed amendment shall be provided to each Member at least thirty days in advance of the vote thereon.
 - e. Amend the Articles of Incorporation by a two-thirds vote of the Members present at a meeting. Written notice of any proposed amendment shall be provided to each Member at least thirty days in advance of the vote thereon.
- 4.4 Members shall meet at least once annually. A meeting [~~Specials meetings~~] of the Members may be called by the Board or President pursuant to a procedure to be established by the Board, or upon written request executed by at least 30 [~~thirty~~] percent [~~(30%)~~] of the Members.
- a. Notice of any Member meeting shall be mailed [~~by the Administrator~~] to each Member at least 15 [~~fifteen~~] days in advance.
 - b. The President, [~~or~~] Vice President, or Secretary-Treasurer of the Board shall preside at the meeting, or the President's designee if no other Officer is [~~both the President and Vice President are not~~] present at the [~~said~~] meeting.
 - c. A majority of the Members shall constitute a quorum to do business.
 - d. Proxy voting shall not be allowed.
 - e. Each Member shall be entitled to one vote, to be cast by its representative. The representative shall be designated by the Member in accordance with Article 4.5(b) of the Bylaws.
 - f. The location of meetings of Members will be as determined from time to time by the Board.
- 4.5 Members shall have the obligation to:
- a. Pay promptly all premiums and other payments to the Mutual at such times and in such amounts as shall be established in accordance with these Bylaws, including any interest and penalties for late payment as may be required by a policy adopted by the Board.

- b. Designate in writing a representative and one or more alternate representatives for the Members' meetings. Each representative and alternate representative must be an elected or appointed officer or employee of a Member and must be appointed by majority vote of the governing body or by the county executive or County Mayor of the Member to be the Member's official representative for the purposes of the Mutual. An alternate representative may exercise all the powers of a representative during a Member meeting, in the absence of the representative.
- c. Allow the Mutual and its Administrator, Director, agents, contractors, employees and officers reasonable access to all facilities and records of the Member as required for the administration of the Mutual and implementation of the Agreement.
- d. Cooperate fully with the Mutual's attorneys and Administrator, and any other agent, contractor, employee or officer of the Mutual in activities relating to the purposes and powers of the Mutual.
- e. Provide information requested by the Mutual, its Administrator, and any other agent, contractor, employee or officer of the Mutual, as reasonably required for the administration of the Mutual.
- f. Allow the Mutual, and attorneys and others designated by the Mutual, to represent the Member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Mutual and also to deny coverage for any claims settled by Member counties or for any monies paid by Member counties toward claims without the prior written approval of the [MUTUAL] Mutual.
- g. Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board.
- h. Report to the Mutual, in the form and within the time required by the Board, all incidents or occurrences ~~[which]~~ that could reasonably be expected to result in ~~[the Mutual being required to consider]~~ a covered claim to the Mutual under the policy issued to the Member.
- i. Report to the Mutual, in the form and within the time required by the Board, the addition of new programs and facilities or the significant reduction or expansion of existing programs and facilities covered under the policy issued to the Member.

ARTICLE 5. Board of Trustees.

- 5.1 The Board shall be composed of twelve persons, nine of which shall be elected by the Members (elected Trustees), and three of which shall be appointed (appointed Trustees).
- 5.2 No person convicted of a felony may serve as a Trustee.
- 5.3 Each Trustee shall be an elected or appointed officer or an employee of a Member. At least one Trustee shall serve on the Board of Directors of the Utah Association of Counties. Three elected Trustees shall be representatives from first, second, or third class counties and three elected Trustees shall be representatives from fourth, fifth or sixth class counties, as defined in Utah Code Ann. §~~[17-16-13]~~ 17-50-501 and certified pursuant to Utah Code Ann. § 17-50-502. Three elected Trustees shall be at large. Three appointed Trustee positions shall be reserved for a member of the Litigation Management Committee, the Law Enforcement Committee, and the Personnel Committee, which positions shall be appointed by the Board for two year terms.
- ~~5.35.4~~ Election of Trustees shall take place at the annual meeting of the Members. Elected Trustees shall assume office at the first Board meeting of the calendar year following their election.
- ~~5.45.5~~ Terms of the elected Trustees shall be two-year overlapping terms.
- ~~5.55.6~~ The Board of Trustees shall elect three Trustees to serve on a Nominating Committee at the first Board meeting of each calendar year. The Nominating Committee shall solicit nominations for available elected Trustee positions. Any elected official of a Member or any Trustee may nominate eligible persons to run for available elected Trustee positions. Nominations will be received at the Mutual office no later than 30 days prior to the meeting at which the election is scheduled. The Mutual will verify that each nominee is willing to serve if elected before forwarding the nominations to the Nominating Committee. The Nominating Committee shall review the nominations and select by a majority vote not more than three names to be placed on the ballot for each available elected Trustee position. A person may not be nominated and placed on the ballot for more than one available elected Trustee position. In the event that no nominations are received for one or more available elected Trustee positions, the President of the Board of Trustees can solicit nominations from the floor on the following conditions:
- a. The nominee is eligible to serve as a Trustee under Subsections 5.2 and 5.3 of this Article; and
 - b. The nominee, if present, expresses a willingness to serve, or, if not present, the Mutual has verified that the nominee has expressed in writing a willingness to serve.
- ~~5.65.7~~ In the event of a tie vote for elected Trustee positions:
- a. If two nominees are running for the same elected Trustee position, the President

of the Board of Trustees may conduct a coin toss when the votes are tied.

- b. If three nominees are running for the same elected Trustee position and two of the three nominees have an equal and highest number of votes, the President of the Board of Trustees may call for a revote between the two nominees receiving the equal number of votes.

~~5.75.8~~ A vacancy shall occur on the Board when a Trustee:

- a. Submits a written resignation to the Board.
- b. Dies.
- c. Is no longer an elected or appointed officer or employee of a Member.
- d. Fails to attend three consecutive regular meetings of the Board without the Board having excused such absences except that such additional absence or absences shall be excused for temporary mental or physical disability or illness.
- e. Is removed by the Members pursuant to Article 4.3.
- f. Is convicted of a felony.

~~5.85.9~~ Any vacancy in the position of an elected Trustee may be filled by majority vote of the remaining Trustees until the next annual meeting of the Members, at which time the Members shall elect a person to fill the vacancy for the unexpired term.

~~5.95.10~~ To the extent permitted by law, Trustees may be reimbursed for expenses incurred in the performance of their duties, as authorized by the Board.

~~5.105.11~~ Each Trustee must be a resident of Utah. "Inside directors" may not constitute a majority of the Board, as provided by Utah Code Ann. §31A-5-407.

~~5.115.12~~ Subject to the limits described in Article 3.6, the powers of the Board shall include, but not be limited to, the powers to:

- a. Delegate, by resolution adopted at a meeting of the Trustees and specifically defined in the written minutes of the Trustees' meetings, authority for specific functions to the Administrator, but only to the extent permitted by law [~~the Code~~].
- b. Establish premiums, pursuant to guidelines adopted by the Board from time to time.
- c. Serve as the policyholder of any group policies or plans.

- d. Determine the methods of claim administration and payment; provide for claim experience for the Members collectively or separately; and establish claim procedures and conditions to be met prior to the payment or defense of a claim.
- e. Jointly self-insure or obtain reinsurance or excess insurance (specific or aggregate), or any combination thereof, or otherwise provide for the funding of coverages~~[-]~~ and adopt and adjust coverages provided by or through the Mutual, as the Board deems appropriate.
- f. Establish the duties of the Administrator and Director of the Mutual.
- g. Provide for the administration of the moneys of the Mutual, for the manner of payments to the Mutual, and for payment of all expenses of the Mutual; establish standards for the accountability of all receipts and disbursements of the Mutual; and establish procedures for safekeeping, handling, and investing such monies received or paid.
- h. Acquire, lease, hold, and dispose of real and personal property.
- i. Exercise the full power and authority of any Member of the Mutual when requested to do so by the Member's governing body.
- j. Provide for necessary activities, and enter into contracts as necessary or appropriate to accomplish the purposes of the Mutual.
- k. Do any act permitted by law and not in conflict with these [Amended] Bylaws, the Amended Interlocal Cooperation Agreement, or the Articles of Incorporation of the Mutual.
- l. Provide for an independent audit of claim handling procedures, payments, and overall operations of the Mutual, at such times as the Board may determine.
- m. Establish loss reduction, prevention and risk management policies, procedures, and requirements for Members of the Mutual and provide risk management services and educational and other programs related to risk management.
- ~~n. [Adopt and adjust the coverages provided through the Mutual in concurrence with excess insurers and/or reinsurers].~~
- ~~o. Enter into contracts as necessary or appropriate for the operation of the Mutual.~~
- p. Appoint committees from time to time, as the Board considers appropriate~~[-]~~ subject to the requirements of Utah Code Ann. §31A-5-412 (1994)].

- q. Approve a list of attorneys or law firms ~~[of attorneys]~~ authorized to represent Members in claims covered by or through the Mutual.
- r. Obtain the services of agents, attorneys, brokers, consultants, employees, and service providers as necessary or appropriate for the operation of the Mutual.
- s. ~~Provide risk management services and educational and other programs related to risk management.~~
- t. Exercise all powers of the ~~[m]~~Mutual except those powers reserved to the Members, and all powers necessary and proper for the operation of the Mutual and implementation of the Mutual, subject to the limits of the Amended Interlocal Cooperation Agreement, the Articles of Incorporation, [Amended] Bylaws, and the Code. The Board is responsible for all operations of the Mutual.

5.125.13 ~~[Subject to the limits of the Code,]~~ [T]he Board shall:

- a. Perform all duties required by ~~[the Code]~~ Utah law, the ~~[Amended Interlocal Cooperation]~~ Agreement, the Articles, and these [Amended] Bylaws.
- b. Obtain and provide to Members at least annually an audit of the finances of the Mutual performed by an independent certified public accountant.
- c. Provide for at least quarterly financial statements to account for income, expenses, assets and liabilities of the Mutual.
- d. Provide at least annually for an actuarial review of the Mutual.
- e. Adopt a budget annually and report the budget to the Members.
- f. Require that fidelity bonds or appropriate insurance, in an amount to be determined by the Board, be in effect for the Administrator, claims service provider and its employees, and every other person having access to moneys of the Mutual.
- g. Contract with Utah Association of Counties for administrative and management services, including a reasonable fee approved by the Board and Utah Association of Counties to cover the cost of the services so provided.
- h. Appoint an Audit Committee ~~[, as provided in Utah Code Ann. §31A-5-412.]~~ to review the financial statements, actuarial analysis, make recommendations to the Board on the financial affairs of the Mutual, and make an annual report to the members regarding the financial affairs of the Mutual.

ARTICLE 6. Officers, Meetings, Procedures.

- 6.1 The principal offices of the Board shall be: president, vice-president and secretary-treasurer. The principal offices shall be held by three separate natural persons. Officers shall be elected by and from among the Trustees, at the first Board meeting following each annual meeting of the Members. The Board shall establish the powers and duties of each officer, consistent with these Bylaws, the Agreement and the Articles of Incorporation of the Mutual. All Members of the Board shall have full voting rights. The president shall preside over meetings of the Board and of the Members and shall perform such other duties as may be prescribed from time to time by the Board and the Members. The vice-president shall exercise the powers of the president in the absence of the president, and the secretary-treasurer shall exercise the powers of the president in the absence of the president and vice-president.
- 6.2 The Board shall fix the date, time and place of regular meetings that are scheduled in advance over the course of a year. Meetings may be called by the president, or by any five Members of the Board, by written notice mailed at least ten days in advance to all Trustees or by unanimously executed waiver of notice. Emergency meetings of the Board may be held to consider matters of an emergency or urgent nature, after an attempt has been made to notify all Board Members and a majority votes in the affirmative to hold the meeting. Notice, including public notice, of all meetings and the agenda shall comply with applicable laws of the State of Utah.
- 6.3 Seven Trustees shall constitute a quorum to do business. All actions of the Board shall require a quorum and a majority vote of the Trustees present, except where a different vote is required by these Bylaws.
- 6.4 The Board shall adopt such procedures as it deems necessary or desirable for the conduct of its business.
- 6.5 Any ~~[One or more]~~ or all Trustees may participate in any meeting of the Board by means of a conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence at the meeting.
- 6.6 The Board shall ~~[follow the most recent edition of Roberts Rules of Order]~~ establish its own rules of order that are not in conflict with ~~[, except that]~~ the laws of the State of Utah, the Articles, and other specific provisions of these Bylaws ~~[shall prevail in the event of any conflict with Roberts Rules of Order].~~

ARTICLE 7. Financing.

- 7.1. All monies of the Mutual, and earnings thereon, shall be held in the name of and for the

use and benefit of the Mutual.

- 7.2 The Board shall establish Member premiums pursuant to guidelines established by the Board from time to time [~~consistent with the Code~~].
- 7.3 Any refund of surplus moneys shall be consistent with policies adopted by the Board.
- 7.4 Investments of monies of the Mutual shall be limited to those investments permitted by the State Money Management Act of 1974, Utah Code Ann. §51-7-1 et seq. (1994), as amended[, ~~and the Code~~].

ARTICLE 8. Withdrawal from the Mutual.

- 8.1 Any Member may withdraw from the Mutual, at the end of a coverage period after giving the Board timely written notice of such withdrawal, pursuant to a resolution of the Member's governing body. Timely written notice of such withdrawal must be provided to the Board no later than [~~the ninetieth~~] 90 days day prior to the date the Member's coverage would otherwise renew. The Board shall consider a timely written notice of withdrawal to be a final decision unless the notice is withdrawn by the Member 90 days [~~before the ninetieth day~~] prior to the date the Member's coverage would otherwise renew. The Board may, by a three-fourths vote and at its sole discretion, agree to permit an earlier date of withdrawal.
- 8.2 A withdrawn Member shall lose all voting rights upon the effective date of withdrawal. Any claim of title or interest to any asset of the Mutual, and any continuing obligation of the Mutual to the Member or of the Member to the Mutual, after the effective date of the Member's withdrawal, shall be consistent with these Bylaws, the Amended Agreement and any policy adopted by the Board, and the Code.

ARTICLE 9. Termination of Membership.

- 9.1 A Member which terminates its membership in the Utah Association of Counties shall not be a Member of the Mutual effective as of the end of the policy period during which the termination of the membership occurred.
- 9.2 A Member [~~which~~] that fails to pay a premium [~~or any other payment~~] due the Mutual shall have its membership in the Mutual terminated at 12:00 a.m. MST on the sixtieth day following the due date, unless time for payment is extended by the Board and payment is made within any extended period. A notice of failure to pay a premium [~~or other amount~~] due 10/3/2002 the Mutual shall be mailed to the Member at least [~~thirty~~] [~~(30)~~] 30 days prior to the date of termination. A termination of membership under [~~this~~] paragraph 9.2 shall not be subject to the provisions of paragraph 9.3.
- 9.3 Any membership in the Mutual may be terminated by the Board or by a three-fourths

vote of the Members for failure of the Member to carry out any other obligation of the Member, subject to the following:

- a. The Member shall receive notice from the Board of the alleged failure and shall be given not less than ~~[thirty (30)]~~ 30 days in which to ~~[cure]~~ correct the alleged failure, along with notice that termination of membership could result if the failure is not ~~[so-cured]~~ corrected.
- b. The Member may request a hearing before ~~[and decision by]~~ the Members at a membership meeting prior to ~~[on]~~ the termination. The request shall be made in writing to the Board at least ~~[five]~~ ten business days before the end of the period given by the Board to ~~[cure]~~ correct the alleged failure. ~~[At such hearing,]~~ The Board shall present the case for termination of membership at the hearing and the affected Member may present its case. The affected Member shall not be counted in determining the number of votes required, nor shall the representative of such Member be entitled to vote on the termination.
- c. If ~~[no]~~ a request is not received pursuant to Article 9.3(b) ~~[subparagraph b. of this paragraph 9.3,]~~ and if the failure is not ~~[cured]~~ corrected within the time required by the Board's notice, or any extension of such time as the Board may grant, the Board may terminate the membership. The Member may request a hearing before the Board on the proposed termination in lieu of a hearing before the Members. The request shall be made in writing and received by the Board at least five days before the end of the period given by the Board to cure the alleged failure, and shall be granted if so made.
- d. The Board shall provide the Member at least ten days prior written notice of the time and place of any requested hearing, and the proposed termination of membership may not take effect until such time after the conclusion of any hearing as the Board or Members, as applicable, may set.

9.4 Termination of membership shall be in addition to any other remedy that ~~[which]~~ may exist.

9.5 A Member shall lose all voting rights upon termination of its membership. Any claim of title or interest to any asset of the Mutual, and any continuing obligation of the Mutual to the Member or of the Member to the Mutual, after the termination of membership, shall be as determined consistent with the Agreement, these Bylaws, any policy adopted by the Board, and the Code.

ARTICLE 10. Dissolution and Disposition of Property.

10.1 The Mutual may be dissolved by the Members as provided in Article 4 and in the Agreement. In the event of voluntary dissolution of the Mutual, the assets of the Mutual not used or needed for the purposes of the Mutual, including its contractual obligations,

shall be distributed, as determined by the Board, only to Utah counties which are Members of the Mutual at the time of dissolution.

- 10.2 Upon partial or complete dissolution of the Mutual by the Members in accordance with Article 4 and the Agreement, the Trustees shall determine, consistent with these ~~[Amended]~~ Bylaws, all other matters relating to the disposition of property and dissolution of the Mutual by a two-thirds vote of all Trustees.
- 10.3 The Board shall serve as trustees for the disposition of property or funds, payment of obligations, dissolution and winding up of the affairs of the Mutual.

ARTICLE 11. Liability of Board, Officers and Employees.

- 11.1 It is the intent of the Mutual to provide the broadest possible immunity from personal liability to each Trustee, officer, and employee of the Mutual allowed by applicable laws of the State of Utah including, but not limited to, the Governmental Immunity Act~~[,]~~ and the Corporations Code ~~[and the Insurance Code]~~, as amended from time to time. The Mutual shall defend and indemnify the Trustees, officers and employees of the Mutual against any and all expense, including attorney fees and liability expenses, sustained by them or any of them in connection with any suit or suits which may be brought against them involving or pertaining to any of their acts or duties to the fullest extent allowed by the laws of the State of Utah. The Mutual shall purchase liability or other appropriate insurance providing coverage for the Trustees, officers and employees of the Mutual. Nothing herein shall be deemed to prevent compromises of any litigation where the compromise is deemed advisable in order to prevent greater expense or cost in the defense or prosecution of such litigation.

ARTICLE 12. Arbitration.

- 12.1 To the extent permitted by any applicable reinsurance or excess insurance, if the Board or its authorized representative and a Member disagree on whether a loss is covered through the Mutual or on the amount of a covered loss, the Board or its authorized representative or the Member may request that the disagreement be submitted to binding arbitration as follows:
 - a. Unless otherwise agreed by the Board or its authorized representative and the Member, three persons shall be selected for the arbitration panel, one by the Board or its authorized representative, one by the Member, and one by the two so selected to act as umpire to decide the items upon which the other two disagree. If the two so selected fail for fifteen days to agree upon the umpire, the dispute of coverage shall be submitted to the American Arbitration Association for arbitration pursuant to their standard rules and regulations.

- b. The decision of the panel shall be binding on the Board or its authorized representative and the Member.
- c. The Mutual shall pay the fees and expenses of the panelist selected by the Board or its authorized representative, the Member shall pay the fees and expenses of the panelist selected by it, and the fees and expenses of the umpire shall be shared equally by the Mutual and the Member.

ARTICLE 13. General Provisions.

- 13.1 Except as provided in these [~~Amended~~] Bylaws and to the extent of the financial contributions to the Mutual agreed to herein or such additional obligations as may come about through amendments to these [~~Amended~~] Bylaws, no Member agrees or contracts herein to be held responsible for any claims made against any other Member. The contracting parties intend in the creation of the Mutual to establish an organization to operate only within the scope herein set out and have not herein created as between Member and Member any relationship of partnership, surety, indemnification, or responsibility for the debts of or claims against any other Member.
- 13.2 The laws of Utah shall govern the interpretation and performance of these [~~Amended~~] Bylaws.
- 13.3 In the event that any portion of these [~~Amended~~] Bylaws is held invalid or unenforceable, such invalidity or unenforceability shall not affect other portions, and these [~~Amended~~] Bylaws are expressly declared to be severable.
- 13.4 These [~~Amended~~] Bylaws do not relieve any Member of any obligation or responsibility imposed upon it by law except to the extent that actual and timely performance thereof by the Mutual satisfies such obligation or responsibility.
- 13.5 All moneys received by the Mutual are public funds, including earned interest, derived from its Members which are counties within the State of Utah.
- 13.6 It is the intention of the Members that the Mutual and any income of the Mutual not be subject to taxation, and the Members shall cooperate in such respects, including amending these [~~Amended~~] Bylaws, as reasonably necessary to establish and maintain the non-taxable status of the Mutual.
- 13.7 Except as permitted in these [~~Amended~~] Bylaws, and amendments hereto, neither the Board nor any other person or entity is authorized to incur liabilities or obligations or enter into contracts on behalf of the Members.
- 13.8 In the event of the payment of any loss by the Mutual under this Agreement, the Mutual

shall be subrogated to the extent of such payments to all the rights of the Member against any other person or other entity legally responsible for damages for such loss, and in such event the Member agrees to render all reasonable assistance to effect recovery.

Dated this _____ day of _____, 200_.

By: _____

Print Name: _____

Title: _____ President _____

ATTEST:

By: _____

Print Name: _____

Title: _____ Secretary/Treasurer _____

Date: _____